

AMERICAN GROWTH FUND LIMITED

Managed by

A.G.F. MANAGEMENT LIMITED
7 King Street, East, Toronto, Ontario

Directors

W. ALLAN MANFORD, *president and director*
President, A.G.F. Management Limited
President, Fry Investment Management Limited

A. WILFRED HOWE, *vice-president and director*
Vice-President, A.G.F. Management Limited
Vice-President, Fry Investment Management Limited

C. WARREN GOLDRING, *vice-president and director*
Vice-President, A.G.F. Management Limited
Vice-President, Fry Investment Management Limited

ALISON A. CUMMING, *director*
President, Union Carbide Canada Limited

ROBERT LAW, *director*
Barrister & Solicitor

ROBERT RAE, *director*
Former Vice-Chairman, The Toronto-Dominion Bank

HAROLD M. TURNER, *director*
Former President, Canadian General Electric Company, Limited

American Advisory Committee

JEREMY C. JENKS, partner in charge of research
Cyrus J. Lawrence & Sons, members New York Stock Exchange

WILLIAM P. O'CONNOR, vice-president in charge of research
Moore Schley & Co., members New York Stock Exchange

SAMUEL L. STIRLING, partner in charge of research
Eastman Dillon, Union Securities & Co.,
members New York Stock Exchange

EDMUND W. TABELL, director of institutional research
Walston & Co. Inc., members New York Stock Exchange

AMERICAN GROWTH FUND LIMITED

Report to Shareholders for the fiscal year ended December 31, 1963.

Your Directors take pleasure in submitting the 7th Annual Report of American Growth Fund Limited covering operations for the year 1963, together with the financial statements and the Company's investment portfolio as at the end of the year.

A Good Year

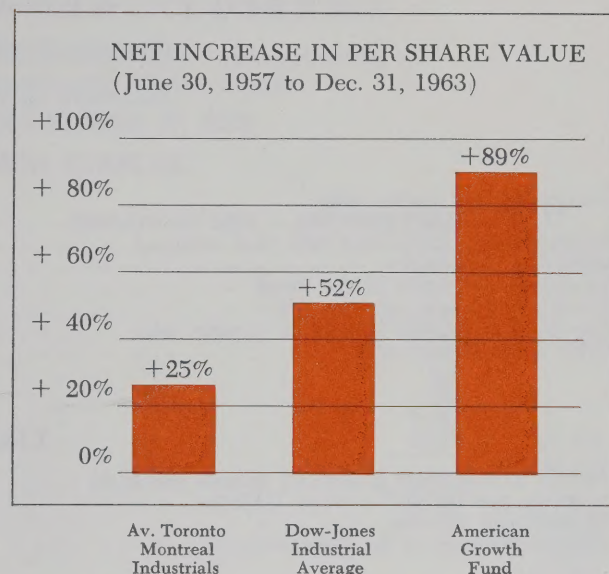
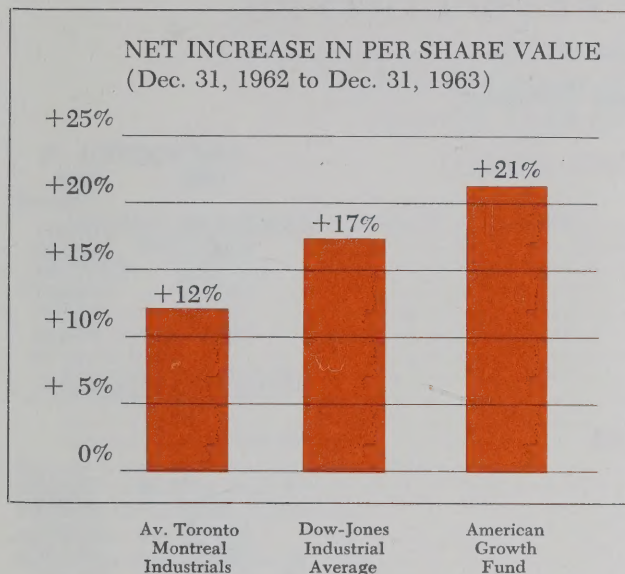
In 1963 the U.S. stock market got back on the track. The previous year the economy advanced but the stock market reacted sharply. Last year business conditions continued to improve and the stock market made a sharp recovery of its previous losses.

As a result, the net asset value of your Fund's shares rose from \$7.83 as of December 31, 1962 to \$9.46 as at the close of 1963. Total net assets advanced substantially from \$29,017,791 to \$39,947,813 while net income rose from \$425,256 to \$508,174 and shares outstanding from 3,684,104 to 4,164,011.

Investment Performance

During the year under review, the net asset value of the Fund's shares increased roughly 21% as against 17% for the Dow-Jones Industrial Average and 12% for an average of the Toronto and Montreal industrial stock indices. Since the end of the year, the net asset value of our shares has crossed the \$10 mark thus achieving a 100% increase in less than 7 years of operation. The Fund's 1963 performance and its performance since inception to the end of last year, in comparison with representative Canadian and American stock market averages, is shown graphically on the next page.

Charts of Relative Performance



Investment Outlook

Currently both the American economy and stock markets are in strong uptrends at all-time peak levels. With no signs of economic imbalance visible on the horizon, with the \$11 billion tax reduction bill now law and with the stimulus of an election year, business and the stock market should experience little trouble in extending their upswing. Your Fund may be expected to participate fully.

Furthermore, looking at the longer term picture, there is reason to anticipate that the U.S. economy, with important tax and other incentives and with another marriage and family formation boom around the corner, will grow at a faster rate in the years ahead than it has in the immediate past. Also, U.S. industry continues to spend more billions every year on research and development which should add to the already great growth potential of the type of security in which A.G.F. specializes.

Thus, from both a short term and a long term viewpoint, American Growth Fund would seem to offer a substantial potential for capital gain as it has since inception.

In closing, may I express our sincere regret at the resignation from our Board of Mr. Stanley J. Randall, resulting from his appointment as Minister of Economics and Development for the Province of Ontario. We will miss his wise counsel. His place on the Board has been taken by Mr. Alison A. Cumming, President of Union Carbide Canada Limited and a director of The Toronto-Dominion Bank.

Submitted on behalf of the Board of Directors

Toronto, Ontario,
March 16, 1964.

W. A. MANFORD
President

AMERICAN GROWTH FUND LIMITED

(Incorporated under the laws of Canada)

Statement of Assets and Liabilities

		ASSETS		DECEMBER 31	
				1963	1962
INVESTMENTS at market value					
(Cost — 1963 \$30,298,638 — 1962 \$26,318,389)				\$37,687,596	\$27,409,011
Guaranteed deposit receipt with trust company	- - - - -			450,000	400,000
Cash	- - - - -			1,207,237	1,154,254
Receivable for shares of the Fund	- - - - -			640,020	174,926
Dividends and interest receivable	- - - - -			46,895	77,687
Due from investment brokers for security sales	- - - - -			190,341	62,122
Other accounts receivable	- - - - -				1,174
				<u>\$40,222,089</u>	<u>\$29,279,174</u>
		LIABILITIES			
Payable to investment brokers for security purchases				\$	\$ 57,815
Accounts payable and accrued liabilities	- - - - -			6,225	26,892
Income taxes payable	- - - - -			131,938	140,493
Payable for shares of the Fund redeemed	- - - - -			136,113	36,183
				<u>\$ 274,276</u>	<u>\$ 261,383</u>
Net assets at market value	- - - - -			<u>\$39,947,813</u>	<u>\$29,017,791</u>
Net asset value per share	- - - - -			<u>\$ 9.46</u>	<u>\$ 7.83</u>
		SHAREHOLDERS' EQUITY			
CAPITAL STOCK (Notes 1 and 3):					
Common shares of a par value of 50¢ each					
Authorized—					
10,000,000 shares of which 988,401 have been issued and subsequently redeemed					
Outstanding—					
Issued and fully paid	4,164,011 shares	- - - - -		\$ 2,082,006	\$ 1,841,213
Issued and unpaid	- - - - -				838
Subscribed for but unissued	56,608 shares	- - - - -		28,304	12,019
Deferred shares of a par value of 50¢ each					
Authorized—					
5,000 shares					
Issued and fully paid	14 shares	- - - - -		7	7
				<u>\$ 2,110,317</u>	<u>\$ 1,854,077</u>
Surplus					
Paid-in	- - - - -			\$31,119,858	\$26,987,540
Earned	- - - - -			25,400	24,030
Realized loss on investments	- - - - -			(696,720)	(938,478)
Unrealized appreciation of investments	- - - - -			7,388,958	1,090,622
				<u>\$39,947,813</u>	<u>\$29,017,791</u>

Approved on behalf of the Board:

W. A. MANFORD, Director

ROBERT RAE, Director

Notes to Financial Statements

- Common shares are redeemable at the option of the holder in accordance with the provisions of the company's charter.
- Foreign currency amounts included in the financial statements have been expressed in Canadian dollars on the following basis:
 - Market value of investments, other assets and liabilities at the rate of exchange at December 31, 1963.
 - Purchases and sales of investments, income and expenses, at the rate of exchange prevailing on the respective dates of such transactions.
- In the year ended December 31, 1963, 1,185,575 common shares were sold for an aggregate amount of \$10,296,905 of which \$592,787, equivalent to the par value of the shares sold, was allocated to share capital, \$9,662,368 to paid-in surplus and \$41,750 to earned surplus. The issue price of each common share of the company is an amount equal to the net asset value of each common share outstanding at the date of issue. During the year the company redeemed 673,096 common shares for an aggregate amount of \$5,890,432 of which \$336,548, equivalent to the par value of the common shares redeemed, was allocated to share capital, \$5,530,050 to paid-in surplus and \$23,834 to earned surplus.

AMERICAN GROWTH FUND LIMITED

Statements of Income and Earned Surplus, Realized Loss on Investments, Unrealized Appreciation of Investments and Paid-in Surplus

FOR THE YEAR ENDED DECEMBER 31, 1963

INCOME AND EARNED SURPLUS

Income:			
Dividends (including stock dividends of \$208,681)	\$975,422		
Stock rights	1,406		
Interest	41,931	\$ 1,018,759	
Expenses:			
Management fee	\$171,743		
Transfer agent's fee	27,774		
Audit fees	2,000		
Legal fees	500		
Directors' fees	850		
Bank charges	2,750		
Shareholders' information costs	3,229	208,846	
Income before provision for income taxes		\$ 809,913	
Foreign withholding taxes	\$116,039		
Provision for Canadian income taxes	185,700	301,739	
Net income for the year		\$ 508,174	
Earned surplus December 31, 1962		24,030	
		\$ 532,204	
Add: Portion of consideration on share subscriptions applicable to 1963 earnings less \$23,834 in respect of shares redeemed during the year		17,916	
		\$ 550,120	
Deduct: Dividends of 13¢ per share		524,720	
Earned surplus December 31, 1963		\$ 25,400	

REALIZED LOSS ON INVESTMENTS

Balance December 31, 1962	\$ 938,478
Net gain on sale of investments during the year	241,758
Balance December 31, 1963	\$ 696,720

UNREALIZED APPRECIATION OF INVESTMENTS

Unrealized appreciation December 31, 1962	\$ 1,090,622
Net appreciation during the year	6,298,336
Unrealized appreciation December 31, 1963	\$ 7,388,958

PAID-IN SURPLUS

Balance December 31, 1962	\$26,987,540
Paid-in on shares issued during the year	9,662,368
	36,649,908
Paid-out on shares redeemed during the year	5,530,050
Balance December 31, 1963	\$31,119,858

The accompanying notes are part of the financial statements.

AUDITORS' REPORT

To the Shareholders, American Growth Fund Limited

We have examined the Statement of Assets and Liabilities of American Growth Fund Limited at December 31, 1963 and the Statements of Income and Earned Surplus, Realized Loss on Investments, Unrealized Appreciation of Investments and Paid-in Surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances, including confirmation of the cash and securities owned at December 31, 1963 by correspondence with the depositories.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the Company, the accompanying financial statements are properly drawn up so as to exhibit a true and correct view of the affairs of the Company as at December 31, 1963 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
March 16, 1964.

PRICE WATERHOUSE & CO.
Chartered Accountants

AMERICAN GROWTH FUND LIMITED

Statement of Investment Portfolio

DECEMBER 31, 1963

	<u>No. of Shares</u>	<u>Cost</u>	<u>Market</u>
AEROSPACE (2.6%)			
Avco Corp. - - - -	15,000	\$ 403,128	\$ 360,763
Lockheed Aircraft - - -	8,000	304,093	308,067
McDonnell Aircraft - - -	6,427	318,069	361,254
		<u>\$1,025,290</u>	<u>\$1,030,084</u>

AIRLINES (5.0%)			
American Airlines - - - -	10,000	\$ 289,834	\$ 372,923
National Airlines - - - -	8,000	225,330	335,091
Northwest Airlines - - - -	6,000	343,839	476,693
Pan American World Airways - - - -	7,500	316,567	425,619
Western Airlines - - - -	5,000	265,949	394,542
		<u>\$1,441,519</u>	<u>\$2,004,868</u>

AUTOMATION EQUIPMENT (9.2%)			
Automatic Retailers of America - - - -	7,000	\$ 320,653	\$ 227,943
International Business Machines - - - -	2,000	740,834	1,096,071
Pitney-Bowes Inc. - - - -	5,000	243,933	252,669
Sperry Rand - - - -	10,000	209,750	229,699
Xerox - - - -	4,000	519,407	1,850,565
		<u>\$2,034,577</u>	<u>\$3,656,947</u>

AUTOMOBILE & ACCESSORIES (6.7%)			
Chrysler Corp. - - - -	10,000	\$ 326,750	\$ 899,880
Ford Motor - - - -	5,000	209,211	269,559
General Motors - - - -	12,000	681,083	1,019,865
Goodyear Tire - - - -	7,500	350,218	335,428
Mack Trucks - - - -	4,000	191,482	170,788
		<u>\$1,758,744</u>	<u>\$2,695,520</u>

CHEMICALS (8.5%)			
Celanese Corp. - - - -	6,500	\$ 321,761	\$ 404,000
Christiana Securities - - - -	1,500	339,614	355,088
DuPont de Nemours - - - -	1,500	368,303	388,732
F.M.C. Corp. - - - -	7,000	329,874	393,461
Freeport Sulphur - - - -	7,000	247,813	264,830
W. R. Grace - - - -	10,200	339,116	551,278
International Minerals & Chemicals - - - -	6,000	340,986	385,895
Kawecki Chemical - - - -	5,150	199,307	120,382
Union Carbide - - - -	3,000	369,133	390,759
Wallace and Tiernan - - - -	5,100	158,554	154,358
		<u>\$3,014,461</u>	<u>\$3,408,783</u>

COSMETICS (4.1%)			
Avon Products - - - -	3,000	\$ 274,894	\$ 439,401
Chesebrough-Pond's Inc. - -	4,000	227,963	242,130
International Flavors & Fragrances - - - -	15,000	228,121	389,138
Max Factor - - - -	8,160	316,040	373,767
Revlon, Inc. - - - -	5,050	254,809	206,750
		<u>\$1,301,827</u>	<u>\$1,651,186</u>

DRUGS (4.2%)			
Bristol-Myers - - - -	6,000	\$ 128,178	\$ 380,220
Carter Products - - - -	4,000	266,488	305,905
Merck & Co. - - - -	2,500	194,760	295,907
C. Pfizer & Co. - - - -	5,000	231,991	266,181
Sterling Drug - - - -	7,500	190,317	220,917
Warner-Lambert - - - -	7,000	180,669	202,406
		<u>\$1,192,403</u>	<u>\$1,671,536</u>

EDUCATIONAL (2.3%)			
Crowell-Collier - - - -	5,408	\$ 145,691	\$ 116,184
Grolier Inc. - - - -	5,000	226,789	267,532
Herff Jones - - - -	10,000	209,057	143,224
Prentice-Hall - - - -	7,000	243,861	226,997
John Wiley & Sons - - - -	10,000	219,286	172,950
		<u>\$1,044,684</u>	<u>\$ 926,887</u>

ELECTRONICS (12.2%)			
American Tel. & Tel. - - -	3,000	\$ 330,342	\$ 451,562
Atlantic Research - - - -	6,000	185,543	48,642
Columbia Broadcasting System - - - -	5,150	323,143	420,992
Emerson Electric - - - -	8,000	305,262	324,281
General Electric - - - -	5,000	394,000	470,883
High Voltage Engineering -	5,000	161,920	197,271
International Tel. & Tel. -	5,000	204,531	298,609
Litton Industries - - - -	7,175	352,150	611,733
Magnavox - - - -	5,000	66,830	236,455
Perkin-Elmer Corp. - - - -	3,000	177,277	156,466
Radio Corp. of America - -	7,000	435,177	731,119
Sanders Associates - - - -	7,200	248,982	220,836
Square D Co. - - - -	4,000	215,496	216,188
Zenith Radio - - - -	6,000	243,506	493,718
		<u>\$3,644,159</u>	<u>\$4,878,755</u>

FINANCIAL (5.0%)			
American Express - - - -	3,000	\$ 174,570	\$ 125,659
Bank of America - - - -	4,000	269,097	280,503
Financial Federation - - - -	5,000	144,988	271,586
First Charter Fin. Corp. - -	8,820	279,978	367,054
Gov't. Employees Ins. - - -	2,250	193,173	206,729
Great West. Financial - - -	5,209	118,556	99,239
Lytton Financial - - - -	13,437	336,969	406,688
James Talcott - - - -	7,000	281,674	201,459
U.S. Financial Corp. - - - -	7,000	127,497	51,074
		<u>\$1,926,502</u>	<u>\$2,009,991</u>

OIL & GAS (7.0%)			
Amerada Petroleum - - - -	5,000	\$ 311,871	\$ 376,301
American Natural Gas - - -	3,000	114,249	138,225
Arkansas Louisiana Gas - - -	4,500	131,679	164,168
Atlantic Refining - - - -	5,000	275,173	305,365
Marathon Oil - - - -	5,100	236,412	310,094
Mid-America Pipeline - - - -	7,000	170,474	131,469
Socony Mobil Oil Co. - - - -	4,000	260,076	312,931
Standard Oil of New Jersey -	10,000	548,185	821,513
Texaco Inc. - - - -	3,000	208,898	226,996
		<u>\$2,257,017</u>	<u>\$2,787,062</u>

	No. of Shares	Cost	Market
PAPER (SPECIALTY) (1.2%)			
International Paper - - -	5,202	\$ 206,040	\$ 180,640
Papercraft - - - - -	10,000	153,014	74,314
Union Bag Camp Paper - -	5,000	216,207	208,756
		<u>\$ 575,261</u>	<u>\$ 463,710</u>
RECREATION (2.2%)			
Eastman Kodak - - - -	1,050	\$ 95,536	\$ 131,374
M.C.A. Common - - - -	2,000	95,296	117,282
M.C.A. Conv. Pref. - - -	2,000	75,660	77,828
Polaroid Corp. - - - -	3,000	504,682	538,712
		<u>\$ 771,174</u>	<u>\$ 865,196</u>
RETAIL (3.9%)			
A.P.L. Corp. - - - - -	15,000	\$ 124,304	\$ 83,097
Arlan's Dept. Store - - -	10,000	326,543	364,817
B.V.D. Company - - - -	10,815	206,846	200,196
Food Giant Markets - - -	10,612	214,073	197,873
Hoover Co. - - - - -	5,000	150,196	194,569
Kayser-Roth Corp. - - -	15,000	338,497	362,790
Russell Stover Candies - -	4,000	165,089	179,436
		<u>\$1,525,548</u>	<u>\$1,582,778</u>
TEXTILES (3.8%)			
American Enka Corp. - - -	5,000	\$ 264,445	\$ 258,750
Bigelow-Sanford, Inc. - - -	10,000	305,562	363,465
Burlington Ind. - - - -	5,000	216,966	232,402
Cluett Peabody - - - - -	7,000	278,016	414,269
J. P. Stevens & Co. - - -	5,500	206,403	230,374
		<u>\$1,271,392</u>	<u>\$1,499,260</u>

	No. of Shares	Cost	Market
MISCELLANEOUS (16.4%)			
A.C.F. Industries - - - -	5,000	\$ 249,065	\$ 335,091
Aluminum Co. of America -	5,000	345,137	371,572
American Hospital Supply -	10,000	243,542	214,836
Cincinnati Milling Mach. Co.	5,000	259,496	243,211
Coca-Cola - - - - -	3,000	185,048	374,950
Consolidated Cigar - - -	10,000	182,142	378,328
Corning Glass - - - - -	2,500	437,852	568,844
Draper Corp. - - - - -	5,200	235,637	191,812
Fruehauf Trailer - - - -	10,000	253,470	313,472
General Tire & Rubber - -	12,000	321,450	296,717
Greyhound Corp. - - - -	10,000	297,487	499,934
Harris-Intertype - - - -	2,200	117,875	125,443
Howard Johnson - - - - -	5,000	235,475	271,586
International Harvester - -	3,000	164,879	194,569
Lestoil Products Inc.			
\$100,000 6½% Bond			
due 1973 - - - - -		123,444	82,151
Minnesota Mining & Mfg. -	7,500	385,278	523,916
A. C. Nielsen Co. - - - -	2,000	104,835	117,282
Roadway Express - - - - -	5,000	141,978	135,117
Tampax Inc. - - - - -	3,700	266,010	267,964
United Fruit Co. - - - - -	8,000	243,910	187,002
U.S. Freight Co. - - - - -	6,000	229,892	263,478
Jim Walter Corp. - - - - -	5,000	127,645	151,331
Whirlpool Corp. - - - - -	7,000	362,533	446,427
		<u>\$ 5,514,080</u>	<u>\$ 6,555,033</u>
TOTAL - - - - -		<u>\$30,298,638</u>	<u>\$37,687,596</u>

NOTES: (1) The cost of each investment set forth above is based on the cost in Canadian dollars at the rate of exchange prevailing on the date of such transaction.

(2) Market value of each investment is based on the closing price on the New York Stock Exchange and at the rate of exchange at December 31, 1963.

(3) Percentages shown relate to total net assets of the Company with investments at market value.

To the Shareholders, American Growth Fund Limited

In our opinion the Statement of the Investment Portfolio of American Growth Fund Limited at December 31, 1963 fairly presents the information it purports to show.

Toronto, Ontario, March 16, 1964.

PRICE WATERHOUSE & Co.
Chartered Accountants.

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AMERICAN GROWTH FUND LIMITED

Head Office

7 King Street, East
Toronto, Ontario

*Custodian of
Securities*

THE CANADIAN IMPERIAL
BANK OF COMMERCE
Toronto, Canada

*Registrar and
Transfer Agent*

THE ROYAL TRUST COMPANY
Toronto, Montreal, Winnipeg

Legal Counsel

BLACKWELL, HILTON,
TREADGOLD & SPRATT
Toronto, Canada

Auditors

PRICE WATERHOUSE & Co.
Toronto, Canada

*Wholesale
Distributing
Agent*

A. G. F. MANAGEMENT LIMITED
Toronto, Canada



SEVENTH ANNUAL REPORT

DECEMBER 31, 1963

AMERICAN GROWTH FUND LIMITED

a Canadian mutual fund

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